

8 CRITICAL SUCCESS FACTORS FOR COMPETENCY MANAGEMENT IMPLEMENTATION



CONTENTS

Introduction	3
1 Recognize the Abundant Contributions of Highly Proficient Employees	4
2 Understand that Improved Job Performance Results in a Stronger Bottom Line	5
3 Kill the Gossip Grapevine with Transparent Communication	6
4 Build Your Foundation with Concrete (Data)	6
5 Avoid Do-Overs with Valid Content	7
6 Commit to the Time and Resources	8
A Case in Point	8
7 Ensure Strategic Synchronicity	9
8 Align Competency Management with Business Strategy	9
A Case in Point	10
In Summary	10
How Do We Begin?	11
About Avilar	11
Sources	12

8 Critical Success Factors for Competency Management Implementation

Competency management can be used in a variety of ways to benefit an organization. From recruitment to hiring to compensation to training, there is a broad spectrum of applications that can benefit from a solid competency management approach. Built upon a skills gap analysis, competency management, on its surface, is relatively simple, consisting of three basic activities:

- define** the competency requirements for each job role, in terms of the skills and proficiencies that are required for high performance
- assess** employees' comfort level with the skills and proficiencies identified
- analyze** the results from 'a' and 'b,' comparing and identifying the differences – overages represent areas of strength and shortfalls represent gaps and areas for improvement

If the information is fairly accurate, it becomes invaluable for identifying the best candidates for job openings, specific projects, or teams; planning training and development activities; justifying training investments; supplying metrics for performance tracking, and so much more.

The degree of difficulty to implement this approach increases significantly with each application that utilizes the content. Consideration should be given in advance to any legacy HR system(s) and how competency management will be implemented related to those system(s).



In some companies, the legacy system has a competency management branch; in others, a separate competency management system will need to be procured from an external vendor and then integrated with the existing system. In either case, advance planning and coordination should be done to ensure that the final competencies can be used seamlessly with existing systems.

When the process is conducted gradually, in phases, the organization is more likely to be successful with both the implementation and the longevity of use in the company. Focusing the initial implementation on staffing support and training and development will help to ensure a smooth execution and broad-based acceptance among all levels of employees. This table describes the process for a phased implementation.



Objective	Process	Results
1 Define competencies directly impacting business performance	Strategic Competency Methodology Strategy → Projects → Technology → Skills	A database of knowledge, skills, and abilities required for high performance by the organization
2 Access to the knowledge base inventory	Inventory proficiency levels using online survey of employees	A database of skills, distribution, strengths, and weaknesses Search access for resource planning
3 Define competency standards specific to job functions and roles	Job tailoring workshops to establish high performance standard for job roles	Competency models, detailed job descriptions, target proficiency, importance factors
4 Action planning based on strengths and needs analysis	Gap Analysis - compare Phase 3 and Phase 2 outputs Match Training & Development resources to needs	Individual Development Plans Leveraged Training & Development investments

This white paper provides an overview of the competency management process and places it in context with other organizational operations. Our goal is to help you understand the ways that effective competency management contributes to overall operational success.

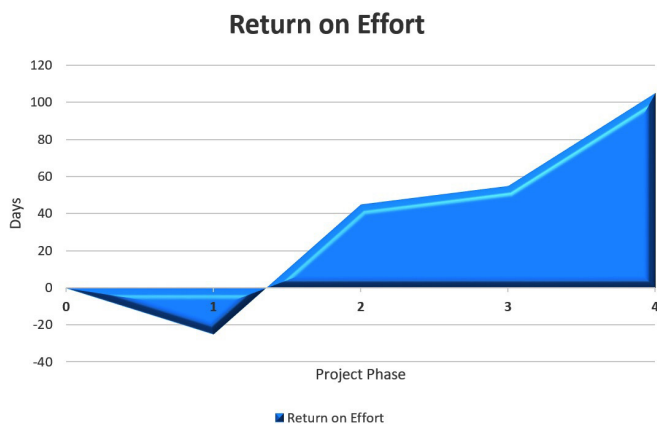
Understanding the Return on Effort

The Return on Effort (ROE) for implementing competency management should be carefully considered before starting the full project. In particular, senior management and key stakeholders must understand that the full benefits of competency management likely will not be evident for several months. The chart below illustrates the typical experience for the Return on Effort as the organization creates its learning curve for competency management.

The time (and often financial) investment in Phase 1 is a necessary and foundational prerequisite, but is likely to consume resources with less apparent or obvious outputs.

Phases 2 and 4 are of particular importance because they produce a variety of outputs and benefits to the organization, many of which will build upon each other as time progresses.

Phase 3 is similar to Phase 1, where the development of competencies and content requires time, construction, careful thought, and validation before any benefits become apparent.



Some organizations have found this graph daunting and discouraging. For whatever reasons, they may have decided that the full effort is too long, too complicated, too costly, or too time-consuming. In lieu of developing competencies for every job role, they opted for creating a “snapshot” of competencies that are required for the majority of employees. In these cases, the project may require less programming and integration with legacy systems. However, companies that embed competencies into the annual development planning process are more highly motivated to integrate the competency system with the HR system(s), and therefore are more likely to reap long-term benefits from the effort put forth to develop the competencies and content.

You may also consider procuring software tools and/or consulting expertise to help you navigate through the process most efficiently. Avilar is one such company, and [WebMentor Skills™](#) can help your company identify, analyze, and manage skills gaps within your workforce.

Before embarking on the process of creating a competency management method, it is important to consider these 8 Critical Success Factors and the likelihood that your company and key stakeholders are willing and able to adhere to them. Remember, competency management is not an exact science; it will work best if it is customized to your company's goals and culture, and if employees at all levels are fully committed to using it over the long term to make your organization more successful.

1 Recognize the Abundant Contributions of Highly Proficient Employees

An early definition of employee job performance was provided by John P. Campbell, who described it as the total expected value to an organization provided by an individual over a defined time period.¹ It is a combination of the employee being both “willing” and “able” to execute the tasks associated with the job they do. With other attributes being held equal – such as personality, work ethic, subject matter knowledge, etc. – the employee possessing higher proficiency in specific, job-related tasks is more likely to perform better than the employee with lower proficiency in those tasks.



Matching the skills required to perform a job with the skill proficiencies of an employee is so important, in fact, that The World Economic Forum's (WEF) Global Agenda Council on Employment² produced a summary paper describing its economic effects worldwide. The WEF stated that a mismatch of skills between those required for the job and those possessed by an employee has the far-reaching effects of negatively impacting labor markets worldwide and hindering the ability of societies to capitalize on their workforces.²

Yet the implementation of a competency management approach is necessary to understand whether each employee possesses the skill levels needed in their job role, and whether they can capitalize on them to deliver at a high performance level for the organization. While an employee's performance may be described as "Above Average" on a performance evaluation, that does not necessarily mean they are the right person for that job. Perhaps another employee in a different department is a better fit, but because job openings were limited at the time they were hired, they were not afforded the opportunity to work in the department in which they'd thrive. Therefore, they are performing well but not necessarily at a level that represents the greatest value to the organization.

An organization must consider the potential of what it can achieve when it is certain that each employee is perfectly matched to the job he or she is asked to perform. The potential for success is unhindered and unlimited.

2 Understand that Improved Job Performance Results in a Stronger Bottom Line

Many organizations have found that taking a consistent and systematic approach to categorizing and identifying skills among their organization's employees is a giant leap forward. Most key stakeholders understand and accept that competency management is not a perfect science, but they also understand that data related to such categorization can be highly useful to the organization, and can provide them with a significant competitive advantage.

Memorably, in one project, the Chief *Information Officer* (a role often tethered to data and statistics) commented, "I'm not particularly interested in the data and reports [related to skill set identification and categorization]. The fact that the employees and managers are reviewing competency standards together is the outcome I want.... [that] we're committed to developing people and care about skills. It's not something we've done consistently in the past."

A mismatch of skills between those required and those possessed by an employee has far-reaching effects – negatively impacting labor markets worldwide and hindering the ability of societies to capitalize on their workforces.

-World Economic Forum's Global Agenda Council on Employment

While the final identification of skill sets and the creation of a competency catalog for the jobs in an organization is, in itself, a huge accomplishment, the teamwork inherent to the process that creates that catalog can be even more beneficial to the organization. Ultimately, the in-depth knowledge resulting from the competency management process becomes a competitive advantage to that organization, advancing the organization's hiring efficiency, candidate selection, management pipeline, and productivity.

3 Kill the Gossip Grapevine with Transparent Communication

The "gossip grapevine" can break this type of project. Some employees will be on board immediately, but others will grumble, gripe, and speculate about the "real" reasons behind the implementation of competency management. Even if only a few naysayers have their say, the project can be doomed before it has a chance to take root.



To allow it to take root, grow, and ultimately blossom in a positive way, a clear communications program is crucial. A simple, mass email to all employees will not suffice. Instead, the purpose for implementing competency management must be explained in some detail, along with the process to be applied, and the desired outcomes and expectations of the organization's key stakeholders. Like any good marketing program, the messaging should be concise, clear, and consistent, emphasizing the purpose and end results in every message. It should convey the decision that competency management is here, and it's here to stay, so "get on board." The communication should be so clear that any employee can repeat the purpose and desired outcomes, if asked.

A key question that likely will be asked by employees is, "How will this information be used?" Developing a clear answer in advance can quell the gossip grapevine. Helping employees understand why competency management is being implemented, and how the results will be used, can effectively answer tough questions before they are asked.

To avoid a mandated, compliance mindset ("management says we have to do this"), competency management is

more likely to be embraced when key stakeholders and senior management approach it with demonstrably high commitment. Employees are more likely to "get on board" when they understand what's in it for them – the benefits and successes they can experience when competencies are defined for their job role. When employees are enabled to acquire the right skills, or understand that they will be selected for job openings based on their skills and talents, they are more likely to be motivated to build development plans, complete their training and development activities, and apply their new-found skills to their jobs.

Chihocky and Bullard³ describe the value that strategic internal communications can have on a business and its strategy. When communication on a project is consistent and delivered via different methods, it will more likely result in a stronger message which is absorbed and understood. "Open, informative, honest and continual communication creates advocates among staff members who then initiate a 'ripple effect' by advancing the organization's mission and programs" internally.³

Ultimately, positive, frequent communications will illustrate to employees that competency management is important to the organization, to its future growth, and to the employees themselves.

Creativity and fun can have a significant, positive impact on communications and acceptance among employees. Mixed media can be very effective for spreading the word, including videos, employee newsletters, all-hands and team meetings, milestone events (think kick-off, mid-point, completion), and messages from key stakeholders and senior management.

4 Build Your Foundation with Concrete (Data)

While the detail level will vary for each organization, there is no need to reinvent the wheel with the competency management process. Team leaders and key stakeholders are more likely to see the project through to completion if they can build their efforts on a solid foundation. A high-quality end product is also more likely to be used over the long term, and there will be plenty of effort spent in customizing the product to ensure its quality.

The foundation, however, can be laid by utilizing an existing, external source. Numerous companies produce “competency dictionaries” that will provide a concrete foundation and formats upon which to build. And while the initial price may be unappealing, purchasing that foundation will jump-start the program and save hundreds of person-hours (and the associated costs) compared to starting the project from scratch.

Numerous industry associations, think tanks, universities, and management consulting firms have built generalized and/or industry-specific standards for common job roles. One example is the competency management skill sets developed for information technology organizations by the Employment and Training Administration of the U.S. Department of Labor.⁴ Organizations from software developers, to file server manufacturers, to IT consulting firms have been able to utilize these skill sets, customize and enhance them, and more quickly execute them in their organizations.

CareerOneStop⁵ – part of the Department of Labor – created a Clearinghouse which provides access to the “Building Blocks” for competency modeling, as well as numerous competency models which a company can use to jump-start their program. Industry models are available for many industries, such as manufacturing, health care, retail, and energy.⁵

For behavioral and interpersonal skill sets and abilities, many existing sources address the foundations of business etiquette and basic performance levels, as well as cross-functional skill sets needed by leaders, supervisors, team managers, project managers, and senior-level executives. One example of this foundational resource is the Common Employability Skills⁶ summary – featured on the CareerOneStop website – a document outlining the foundational skills needed by employees in nearly every workplace. The summary was amassed by the National Network of Business and Industry Associations.⁶

A couple of beneficial side effects of developing competencies is that job descriptions typically receive updates and are revitalized, and other HR activities are supported and enhanced. Thus several HR objectives can be achieved at one time.

5 Avoid Do-Overs with Valid Content

A competency is valid if it “represents all facets of a given construct,” positively impacting job performance and being frequently used.⁷ If it can be demonstrated or is evident that top performers in a certain job role are highly proficient in a specific competency, then it can be safely assumed that the competency is “valid.”

The competency dictionary should first be evaluated and customized, adjusting the standard definitions to the company's culture and identifying where other competencies need to be added. Then those additional competencies must be developed for each job role. The areas having the most influence and impact on job performance should be the primary focus when developing competencies.

It can be challenging to determine whether a competency impacts job performance. In these cases, it is best to turn to employees in that job who are high performers, and employees in other jobs who are peers to the job level for which competencies are being developed. A Skills Advisory Committee can also be utilized to review competencies and for validation.

When developing competencies for job roles, it's also important to adhere to the most important and frequently-used competencies. Care should be taken to avoid spending time developing competencies for random, one-off projects or tasks. By adhering to the development of the core competencies for each job role, the entire competency management process will continue to move forward and time-consuming speed bumps can be avoided.



6 Commit to the Time and Resources

By far, content development is the most time-intensive portion of implementing competency management. However, when the defining and developing are complete, the process typically moves along more quickly. Before leaping into the entire process, it is useful to analyze several factors, to create a more clear understanding of the time commitment involved. Some factors to consider include:

- the number of job roles to be analyzed
- the ready availability of existing, applicable content
- access to high performers for input on competency development
- technical integration requirements with legacy systems
- availability of key stakeholders and/or executive sponsors to lend project support
- priority given to the competency management implementation, among other priorities and deadlines

As with most large projects in an organization, it is likely that the team responsible for project implementation will need representatives from several roles, including:

- a Project Leader or Manager with strong communication and facilitation skills
- a Systems Administrator who will manage the technical application requirements
- Department Coordinators who will support their respective areas as knowledge experts and who can answer questions and troubleshoot issues if they arise
- Training Department Representative(s) who will match courses to competencies and interpret results
- and an Advisory Expert or Group, who may be needed to address and resolve policy-related questions that arise during implementation

A Project Leader or Manager should take charge of the implementation: keeping tasks on schedule, tapping existing resources, and cheerleading the forward movement of the implementation. Organizing and tracking activities is very important throughout the process, as is keeping the project on schedule, and communicating progress to key stakeholders on a regular basis. Keeping the implementation on schedule as much as possible is key, since continual extensions and delays erode the potential success of the project.

Additionally, it is important to include others from functional departments – those who best know and understand each position. The risk of re-work is high when only HR or Organization Development professionals write the competencies and content, since they cannot fully understand or appreciate the daily functions of each job role. Acceptance and enthusiasm for competency management overall is also significantly higher when employees from all departments provide input.

When other Human Resource Information Systems (HRIS) exist, the competency management implementation usually will be supported by a team from the system developer (vendor), as well as an external consultant(s), who will assist by sharing best practices and methodology.

A CASE IN POINT

Senior management at a large equipment manufacturer insisted that representatives from the marketing, manufacturing, and engineering departments work together to build consensus for organizational competencies needed by employees in their respective departments. After 18 months of debates, accusations, and in-fighting with little progress, senior management decided that each department could implement competencies on their own timetables. Unfortunately, sponsorship support was withdrawn, funding dried up, and the implementation was tabled indefinitely.

7 Ensure Strategic Synchronicity

After all of the work to develop content for competencies, maximum benefit to the organization is best ensured when the competencies are imported or directly integrated with legacy HR systems. Without completing this integration, the competencies are less likely to be measured and managed, resulting in a lot of time and effort spent for very little benefit.

One exception to this occurs when a competency module is already built into an HRIS/ERP (HR Information System/Enterprise Resource Planning) system. The completion of the content is the perfect time to launch this module and integrate it for regular use. Without the presence of an existing HRIS/ERP system, a stand-alone product such as Avilar's WebMentor Skills™ can be integrated with the organization's HR system, processes, and initiatives to help ensure long-term success.

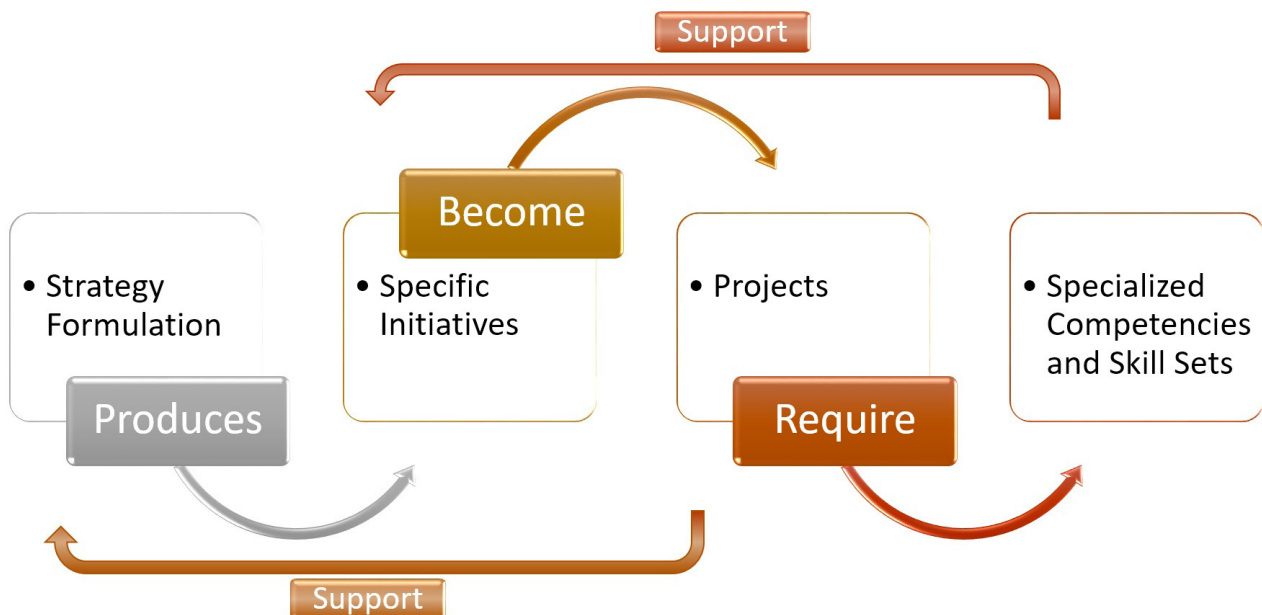
However, a more important concern is how the competency management project supports current and future HR initiatives. Often, a competency project begins in a single department, the members of which seek to gain clarity and efficiency with the development of competencies and content. Therefore, it is critical that a representative from HR be included on the Project Team


and advise them on organization policies and practices. When later expanding the competency management project to the greater organization, the learnings and best practices from this initial effort can be used.

8 Align Competency Management with Business Strategy

Once the competency content development is completed, the most productive and successful companies understand that they must continually integrate and align competency requirements with business strategy. This should become a regular part of the annual planning process. This is truly the “secret sauce” of the entire project implementation: continual integration, refinement, analysis, and improvement. Although seemingly inherent, it is important to regularly communicate the key concept that, ultimately, competency management supports the greater strategy of the company. This can be described and illustrated as follows:

- strategy formulation produces specific initiatives
- specific initiatives become projects, which support strategy
- projects require specialized competencies and skill sets, which support initiatives





A time of reorganization or restructuring offers a particularly unique opportunity for a company to introduce a competency management process. The inventory of human assets and identifying areas of strength and weakness can complement the company's new direction. For organizations going through such growing pains, evaluating and aligning resources with the company's new strategy can help to ensure a more successful future.

In Summary

When your company has completed evaluating these 8 Critical Success Factors, then it's time to step back, breathe, look at the big picture, and consider your comfort level with them. If most or all of them feel comfortable and appear achievable, then it's likely that you've anticipated the potential obstacles and are prepared to persevere through them. However, the more discomfort that arises, the more seriously your organization should consider the effort to begin implementing competency management, and the long-term implications that decision will have – both positively and negatively. A unique characteristic for this project is that it involves a lot of people's time and effort. However, a skills inventory leading to the creation of well-defined competencies can provide exponential benefits to an organization. Considering the investment that a company makes in salaries and benefits for its most important asset – its employees – it makes sense to invest in that asset and obtain the best return from it.

A CASE IN POINT

A large airline found that their transaction software was applicable to numerous other companies, including other airlines and finance companies. Senior management decided to spin off their technology division with the intent to compete in the consulting services market.

The airline developed a strategy that had two key goals: (a) to leverage their internal experience and knowledge base to compete in the consulting services space; and (b) to reorganize and define Centers of Excellence that would best support the goal of providing consulting services. The competency management and skill set inventory project ultimately collected 300 skills for each of their 5,000 IT employees. Ultimately, this data was exported to the company's HR system to allow for queries that would cluster individuals with similar skills and create numerous Centers of Excellence.

■ ■ ■ About Avilar



How Do We Begin?

Implementing a competency management initiative can seem like a daunting challenge, but you don't have to face the challenge alone. Avilar – The Competency Company – can help you transform your organization from ordinary to extraordinary. Contact us today at info@avilar.com for a complimentary consultation or visit our website www.avilar.com to schedule a demo. You can be confident that we will listen to your organization's specific needs and help you find the best solutions to the competency management challenges you're facing.

About Avilar

Founded in 1997, Avilar is a leader in competency management and workforce optimization. We believe that a competency management method is one of the most effective ways to develop a workforce and deliver results in an organization. Our flagship WebMentor product line, introduced in 1998, includes a complete suite of affordable, easy-to-use, and full-featured competency development and management tools. Avilar is a recipient of the Excellence in E-Learning for Customer Satisfaction Award from Brandon Hall Group and eLearning Magazine, and has been cited by Training Magazine as a top "price-to-value" provider. Avilar blends leading human capital management and business intelligence professionals with our state-of-the-art workforce management system to solve the complex issues facing managers in the globalized business arena.



Sources



- 1 Campbell, John P. (1990). Modeling the performance prediction problem in industrial and organizational psychology. In M. D. Dunnette, & L. M. Hough (Eds.), Handbook of Industrial and Organizational Psychology (2nd ed., Vol. 1, pp. 687–732). Palo Alto, California: Consulting Psychologists Press, Inc.
- 2 World Economic Forum, Global Agenda Council on Employment (2014). Matching Skills and Labour Market Needs: Building Social Partnerships for Better Skills and Better Jobs. http://www3.weforum.org/docs/GAC/2014/WEF_GAC_Employment_MatchingSkillsLabourMarket_Report_2014.pdf. Accessed April 2017.
- 3 Chihocky, Janet, and Melissa Bullard (2009). How Strategic Internal Communications Can Positively Affect Your Business. <https://jansoncom.com/wp-content/uploads/2011/06/How-Strategic-Internal-Communications-Can-Positively-Affect-Your-Business.pdf>. Accessed April 2017.
- 4 U. S. Department of Labor, Employment and Training Administration (2012). Information Technology Competency Model. https://www.careeronestop.org/competencymodel/info_documents/it-industry.pdf. Accessed April 2017.
- 5 U. S. Department of Labor, CareerOneStop (2017). <https://www.careeronestop.org/CompetencyModel/>. Accessed April 2017.
- 6 National Network of Business and Industry Associations (2014). Common Employability Skills: A Foundation for Success in the Workplace. http://businessroundtable.org/sites/default/files/Common%20Employability_asingle_fm.pdf. Accessed April 2017.
- 7 Yusoff, Yusliza Mohd, and T. Ramayah (2012). Validity and Reliability of the Human Resources Competencies Scale. Malaysia: World Applied Sciences Journal 16 (1): 94-98, 2012. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.389.7582&rep=rep1&type=pdf>. Accessed May 2017.